

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001849

SIPDIS

STATE PASS AIT/W

E.O. 12958: DECL: 04/20/2015

TAGS: [MARR](#) [MASS](#) [PGOV](#) [PREL](#) [TW](#)

SUBJECT: SOONG ON SPECIAL BUDGET AND UPCOMING PRC VISIT

Classified By: AIT Director Douglas Paal, Reason(s): 1.4 (B/D)

1. (C) Summary: In an April 19 meeting with the AIT Director, People First Party (PFP) Chairman James Soong said his party would allow the USD 18 billion Special Defense Budget to pass at the end of the current Legislative Yuan session in late May/early June despite lingering doubts over portions of the package. He also said that the PFP would continue to negotiate to reduce the numbers of certain weapon systems and the overall cost of the package. Soong outlined for the Director the guidelines under which he would visit the PRC early next month. He recognized that as an opposition party leader, he had no right to negotiate on behalf of Taiwan. While asserting that he will not serve as Chen Shui-bian's proxy in dealing with the PRC, Soong said the "Ten Point Consensus" that he reached with Chen during their February 24 meeting will serve as the basis of his talks with PRC leaders. Soong added that he will keep President Chen informed of the details of his visit. End Summary.

Action on the Special Budget

2. (C) In an April 19 meeting, People First Party (PFP) Chairman James Soong told the AIT Director that his party will allow the USD 18 billion Special Defense Budget to pass at the end of the current Legislative Yuan session in late May/early June. Soong asserted his commitment to ensure that Taiwan has the capability to defend itself and to acquire weapons in order to achieve this goal. He said that U.S. officials in Washington had told him that passage of the Special Budget has become an important gesture to show the world that Taiwan has the will and desire to defend itself.

3. (C) Soong continued, however, that he had reservations about portions of the Special Budget package presented by the Taiwan Ministry of National Defense (MND). He complained that the MND had misled the Taiwan public by not revealing that it was the MND, not the USG, that has pushed for the purchase of the eight submarines in the package. Soong said it was his understanding that the current package, especially the submarine program, did not have the endorsement of the U.S. defense establishment and experts. The Director reminded Soong that items in the Special Budget package were requested by the Pan-Blue leadership, not the USG, before the 2000 election. The Director noted that these systems were chosen as priorities through a consultative process between the U.S. and Taiwan based on Taiwan's defense needs. The Director urged Soong not only to support the current Special Budget package, but also to back future MND budget requests to build-up Taiwan's stock of critical ammunition.

4. (C) Soong said that the PFP would continue to negotiate to reduce the numbers of certain weapon systems and the overall cost of the package. He complained that the KMT has been spreading rumors that he had yielded to U.S. pressure to abandon his reservations about the Special Budget. The PAC-III missiles, he noted, are his personal priority. Soong also expressed support for the acquisition of P-3Cs and other advanced weapons systems that would give Taiwan an anti-submarine defense capability. He said that while he does not rule out the possibility of buying submarines, the timing for this "is not ideal." Contrary to popular perceptions, he added, PFP does not advocate an indigenous submarine building program.

5. (C) Soong stated that Taiwan should not resort to a military solution to resolve its problems with the PRC. The Director replied that a strong military reduces the likelihood that Beijing would seek a military solution. Taiwan, he continued, would gain more at the bargaining table if it enters into negotiations with the PRC from a position of military strength.

Upcoming Visit to the PRC

6. (C) Soong also outlined for the Director the guidelines under which he would visit the PRC early next month. He stressed that the United States was Taiwan's most important friend and without its support, Taiwan would not be able to deal with the PRC. Soong said he understands the firm U.S. positions regarding the "one China" policy, opposing Taiwan

independence, and opposing unilateral changes in the status quo. Those were, he noted, his fundamental positions as well.

17. (C) While asserting that he will not serve as Chen Shui-bian's proxy in dealing with the PRC, Soong told the Director that the "Ten Point Consensus" he reached with Chen during their February 24 meeting will serve as the basis of his talks with PRC leaders. Soong said that he fully understands that as an opposition party leader, he must respect the Presidential Office and accept that negotiation with the PRC must involve the Executive branch. Recognizing U.S. regional security concerns, Soong assured the Director that his meetings with the PRC will not tilt the strategic balance of power toward the PRC or undermine Taiwan's democratic institutions. (Note: Presidential Office Deputy Secretary General James Huang told the press on April 19 that

SIPDIS

while Soong would not serve as President Chen's "envoy," Taipei would have no objection if Soong discusses the Chen-Soong "Ten Point Consensus" with Beijing authorities. End note.)

18. (C) Noting that the first Chen-Soong meeting had drawn criticism from their respective voter base, Soong told the Director that while the two parties will maintain informal low key contacts he does not want a second public meeting with Chen Shui-bian. Quoting a Chinese proverb, "We stick together but not too close," Soong said that through discussions between PFP Secretary General Chin Ching-sheng and Presidential Office Secretary General Yu Shyi-kun, Chen will know exactly what he intends to say to the PRC.

19. (C) Soong said that he has not had time to formulate a concrete agenda or to work out the details of his visits. Broadly speaking, Soong said he hoped to negotiate some formula under which the PRC government could have direct talks with its Taiwan counterpart. Soong suggested that Chen's "Five Noes" and the KMT's "1992 Consensus" might be possible options. Soong argued that the "1992 Consensus" had already reaped some fruitful results in the past. He said it might be reworded to render it acceptable to all sides. He gave particular emphasis to using the August 1, 1992 National Unification Council statement on the meaning of "one China" as a basis for direct talks. In addition, Soong said he hoped to urge Beijing to support World Health Assembly (WHA) observership for Taiwan and concessions for Taiwan business people working in the PRC.

Comment: Can He Deliver?

10. (C) Soong's commitment to early action on the Special Defense Budget is encouraging, but the question remains whether he will be able to convince enough of his party to go along. Soong's invitation to Beijing could offer an opportunity to rally his increasingly disaffected political base. If handled correctly, Soong may be able to convince his followers that his unpopular cohabitation agreement with Chen Shui-bian was worth the effort. However, Soong has promised more than he has delivered on defense spending many times before. Soong's equivocation over the details of the budget package could leave him an out if members of his party caucus like Nelson Ku attempt to sabotage the budget as they have in the past.

PAAL